

Message Text

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21

ACTION NEA-07

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OMB-01 SAB-01 SAM-01 OES-02 /057 W

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R 150924Z JUN 75

FM AMEMBASSY DOHA

TO SECSTATE WASHDC 0556

INFO AMEMBASSY ALGIERS

AMEMBASSY ABU DHABI

AMEMBASSY JIDDA

AMEMBASSY LONDON

MEMBASSY MANAMA 0187

AMEMBASSY MUSCAT

AMEMBASSY DAMASCUS

AMEMBASSY KUWAIT

AMEMBASSY TEHRAN

AMEMBASSY VIENNA

C O N F I D E N T I A L DOHA 0696

LIMDIS

E.O. 11652: GDS

TAGS: ENRG QA

SUBJ: AMIR OF QATAR TAKES HARD LINE ON OIL PRICE DISPUTE

REF: DOHA 0679

1. SUMMARY: AMIR OF QATAR IS MAINTAINING HARD LINE ON OIL PRICE IMPASSE WITH COMPANY. HE HAS ACCUSED COMPANY OF OUTRAGEOUS BEHAVIOR IN ITS DEALINGS WITH GOQ AND ASSERTED GOVT WILL NOT REDUCE PRICE AND IS NOT HURTING FINANCIALLY BECAUSE OF PRODUCTION CUTS. END SUMMARY.

2. DURING JUNE 12 CONVERSATION WITH AMIR OF QATAR, SHAYKH KHALIFA BIN HAMAD AL THANI, I RAISED CURRENT PRICE IMPASSE
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BETWEEN GOVT AND QATAR PETROLEUM COMPANY (QPC). I NOTED THAT

I WAS ONLY INTERESTED OBSERVER AND HWO NO RPT NO INSTRUCTIONS TO SPEAK TO AMIR ON SUBJECT. HOWEVER, I WAS AWARE OF OIL SURPLUS IN MARKET AND QPC'S REAL DIFFICULTIES IN SELLING HIGH PRICED QATARI CRUDE. I NOTED THAT OTHER PRODUCERS, SUCH AS IRAQ, ABU DHABI, ALGERIA AND LIBYA, HAD BEEN CUTTING PRICES. I REMINDED AMIR OF US VIEW THAT HIGH PETROLEUM PRICES WERE A PRINCIPAL FACTOR IN THE PRESENT WORLD ECONOMIC DISLOCATIONS. I ALSO NOTED THAT AT THIS PARTICULARLY CRITICAL JUNCTURE WHEN GOQ AND COMPANIES HAD BEGUN 100 PERCENT TAKEOVER TALKS, IT MORE THAN EVER NECESSARY THAT RELATIONS BETWEEN GOQ AND COMPANIES BE AMICABLE. I EXPRESSED HOPE THAT MUTUALLY SATISFACTORY OUTCOME COULD BE REACHED SOON SINCE THIS IN INTEREST OF ALL CONCERNED.

3. AMIR REACTED SHARPLY, SAYING THAT HE HAD NO RPT NO INTENTION OF REDUCING PRICE. HE CLAIMED ANY PRICE CUTTING MUST BE OPEC DECISION AND NOTED THAT ABU DHABI HAD BEEN HARSHLY CRITICIZED AT ALGIERS OPEC SUMMIT FOR PRICE CUTTING. HE ALLEGED ABU DHABI DIFFICULTIES WERE RESULT OF COMPANIES' MACHINATIONS. AMIR SAID IT WAS HIS INFORMATION THAT ALGERIA HAD CUT PRODUCTION AND NOT PRICE, AND HE HAD NOT HEARD ABOUT IRAQI PRICE CUTTING. IN ANY EVENT, HE ASSERTED, HE WOULD NOT CUT PRICES, AND IF REVENUES DECLINED THIS WAS NO PROBLEM SINCE GOQ NOT RPT NOT HURTING FINANCIALLY.

4. AMIR ACCUSED QPC OF OUTRAGEOUS BEHAVIOR. HE SAID COMPANY HAD CUT PRODUCTION 50 PERCENT WITHOUT WORD OF NOTICE TO GOVT. HE SAID GOQ NEGOTIATORS HAD INFORMED HIM THAT COMPANY REPS HAD BEHAVED IN INSULTING MANNER REMINISCENT OF IMPERIALIST DAYS OF THE RAJ. ACCORDING KHALIFA, COMPANY DOES NOT SEEM TO REALIZE THAT ITS DAYS OF DICTATING TERMS TO GOVTS ARE OVER, AND THAT UNFORTUNATELY COMPANY'S ATTITUDE HAD SOURED ITS RELATIONS WITH GOQ.

5. AFTER THIS TIRADE, AMIR OBSERVED THAT US OIL COMPANIES APPEAR TO HAVE SEEN THE LIGHT AND APPARENTLY WERE MUCH BETTER BEHAVED THAT "ENGLISH COMPANIES" WITH WHICH HE HAD TO DEAL. HE NOTED IN THIS REGARD THAT HE HAD BEEN INFORMED THAT SAUDI NEGOTIATIONS WITH ARAMCO ARE GOING SMOOTHLY. HE ALSO SAID THAT ALGERIAN PRIMIN BOUTEFLIKA HAD TOLD HIM THAT US COMPANIES OPERATING IN ALGERIA WERE SENSIBLE AND CONCILIATORY IN RELATIONS

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WITH GOA, AND THIS HAD CREATED HARMONIOUS WORKING ATMOSPHERE.

6. COMMENT: AMIR'S COMMENTS CONFIRM WHAT COMPANIES' REPS HAVE BEEN TELLING US ABOUT GOQ'S HARDLINE ON PRICE. AMIR IS CERTAINLY UPTIGHT ON ISSUE AND I DO NOT THINK IT WOULD BE PRODUCTIVE FOR ME TO GET INTO ISSUE ANY FURTHER. AMIR'S PIQUE WITH QPC ALSO BEARS OUT COMPANY'S CONTENTION THAT AMIR'S ADVISERS HAVE BEEN FILLING HIS HEAD WITH ANTI-COMPANY PROPAGANDA WHILE AVOIDING

TELLING HIM MARKET FACTS OF LIFE. GIVEN AMIR'S ATTITUDE AND
COMPANY CONTENTION THAT IT IS LOSIHITS SHIRT BECAUSE OF HIGH
PRICES OF QATARI CRUDE, THERE INDEED COULD BE SHARP CONFRONTATION
AND/OR REALIZATION WHEN PURCHASE CONTRACTS EXPIRE AT END OF
THIS MONTH. HOPEFUL ELEMENT IS THAT BOTH SIDES APPEAR GENUINELY
TO WANT TO FIND REASONABLE WAY OUT.
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